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REPORT OF THE FIRST MEETING OF THE WORKING PARTY OF THE AFRICAN GOVERNORS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK

(Addis Ababa, 4 to 6 August 1987)

Introduction

1. The first meeting of the working party of African Governors of the International Monetary Fund and the World Bank was held in Addis Ababa Ethiopia from 3 to 6 August 1987 under the Chairmanship of Citoyen Mbonga Magalu Secretary General for Finance of the Republic of Zaire, to draft a joint statement and two memoranda, one to the managing director of the IMF and the other to the president of the World Bank.

Attendance

2. The meeting was attended by the representatives of the following members of the working party:

- Central Africa : Zaire
- East Africa : Zimbabwe
- North Africa: Tunisia, Sudan
- West Africa: Ghana

3. A representative of Ethiopia also attended the meeting. Cape Verde, Central African Republic, Djibouti, Lesotho, Liberia, Equatorial Guinea, Morocco, Tanzania and Togo which were members of the working party were not represented at the meeting.

4. The bureau of the Working Party was as follows:

- Chairman: Zaire
- Vice Chairman: Zimbabwe
- Rapporteur: Tunisia
- Rapporteur: Ghana

5. The staff of the offices of the African executive directors at the International Monetary Fund and the World Bank constituted the joint secretariat of the meeting. The African Center for Monetary Studies, the Banque Centrale des Etats de l'Afrique de l'Ouest, the Banque Centrale des Etats de l'Afrique Cetnrale, the organization of African Unity and the Economic Commission for

Africa participated in the meeting. The ECA serviced the meeting. The list of participants is attached to the present report.

Opening of the meeting

6. In his opening statement, Comrade Mollie Chekol, member of the Central Committee of the Workers Party of Ethiopia and Minister of Finance, welcomed on behalf of the people and government of Socialist Ethiopia and on his own behalf all the participants in the meeting and assured them that no effort will be spared to make their meeting successful. He then stated that African economies continued to suffer from the adverse effects of international economic environment characterized by violent fluctuations in exchange rates, high real interest rates, worsening terms of trade and a sharp fall in commercial bank lending. It is most unfortunate, the Minister said, that all obstacles due to factors beyond African countries control, continued to exist at a time when African countries have embarked upon the policies and programmes contained in Africa's priority programme for economic recovery and the United Nations Programme of Action for Africa's economic recovery and development 1986-1990 the implementation of which require a lot of resources that the African countries and the International Community have pledged to mobilize. In this connection, he urged the World Bank to intensify its efforts for the mobilisation of more resources for Africa. He also stated that there cannot be any economic recovery without a more favourable international economic environment and urged the IMF to exercise fully its power of surveillance over the economic policies of the major industrialized countries which determine largely the international economic environment. The Minister then stated that the most difficult problem African countries have encountered over recent years was that of external indebtedness and he urged the Bank and the Fund as well as the international community to make every effort possible in order to find long term solutions to the debt servicing problems of Africa. He finally said that the IMF programmes should be designed in such a way as to take into account the economic and social realities of African countries.

7. In his opening statement, Mr. Tchouta Moussa, Deputy Executive Secretary of the ECA, welcomed the participants to Addis Ababa and pointed out that the objective of the present meeting was to prepare two memoranda to the President

of the World Bank and the Managing Director of the IMF respectively, as well as a joint statement for presentation at the joint meetings of IMF/IBRD. He stressed that one year after the adoption by the General Assembly of the United Nations Plan of Action for African Economic Recovery and Development, 1986-1990, African countries still faced the very problems which had caused the economic crisis of the region and which continued to disrupt their efforts to bring their economies out of this vicious circle. The downfall in export earnings, the rising debt service obligation and reduction in the official development assistance, in many cases leading to negative inflow of resources, were cited among the major concerns in this respect. The deputy executive secretary also urged the Bank and the Fund to concentrate their activities, in Africa on the priority areas defined in Africa's priority programme for economic recovery. He also described the external indebtedness of African countries as being a major obstacle to Africa's recovery and growth and urged the Bank and the Fund to intensify their efforts to find long lasting solutions to the debt service burden of Africa.

8. He further urged the Fund and the World Bank to increase their role in mobilizing financial resources to meet development requirements of African countries and emphasized the necessity to liberalize their conditionality such as in the case of structural adjustment facility. He concluded by calling for better terms in rescheduling process for the debts of African countries.

9. His excellency Citoyen Kinzonzi Mvutukudi, Commissaire d'etat of the Republic of Zaire in charge of finance, president of the African Governors of the IMF and the World Bank thanked on behalf of the participants to the working party the government and people of Socialist Ethiopia for the warm hospitality they have extended to the delegates since their arrival in Addis Ababa. He also thanked the OAU and the ECA for the Organization of the present meeting. He then stated that today like yesterday the socio-economic situation of the African continent was characterized by a substantial reduction in per capita income, a decrease in food production, a rise in the prices of food imports and a deterioration of the current account deficits (excluding official transfers).

The African continent, the Minister said, has become a net provider of resources to the developed world and that is why it is high time that solutions designed to promote economic recovery and growth are found. Actions have already been taken to alleviate the economic crisis confronting Africa but more is still to be done in order to find just solutions to the problems of worsening terms of trade, the falling and unstable commodity prices, the decreasing flow of resources to Africa and the external indebtedness of African countries which an extraordinary session of the OAU will discuss next September in Addis Ababa. The external indebtedness of African countries is at present one of the most difficult factors confronting African economies and this is clearly demonstrated by the fact that Africa which needs resources has paid out US 1.8 billion in 1986 to service its debt and SDR 0.3 billion to the IMF. The Minister then stated that African envisages the implementation of (adjustment programmes with a human face) "designed by African themselves with the assistance of the specialised institutions and which would take into account the political, economic, social and cultural realities of African countries. He then urged the Bank and the Fund to help in the search for solutions to the African crisis. He finally recommended that the working group of African Governors of the IMF and World Bank should meet more often as a permanent mechanism of follow-up of the conclusion and decisions reached at their meetings and that Africa should reinforce dialogue and consultations with a view to ensuring the adoption of common, strong and cohesive positions in the negotiations with its partners of the rest of the World.

Adoption of the Agenda and programme of work

10. The meeting adopted the following agenda:

1. Opening ceremony
2. Adoption of the agenda and programme of work
3. Consideration of:
   (a) Draft memorandum to the President of the World Bank
   (b) Draft memorandum to the Managing Director of the IMF
   (c) Draft joint Statement
4. Adoption of the revised drafts
5. Any other business

11. After the adoption of the agenda and work schedule the meeting examined paragraph by paragraph (1) the draft memorandum to the President of the World Bank, (2) the draft memorandum to the managing director of International Monetary Fund, (3) the draft joint statement. Changes were introduced in the drafts as appropriate.

Any other business

12. Under this agenda item the Working Party recommended that in the future, the organisers should be careful as not to set the dates of its meetings to coincide with national or religious holidays. Judging from the poor attendance at the meeting, the working party appealed to the governors of member countries to send delegates to the working party meetings. It was also suggested that there should be continuity as far as possible in the composition of the countries delegations attending the first and second meetings of the working party in order to facilitate deliberations on documents.

13. The working party thanked the people and government of Socialist Ethiopia for the hospitality and brotherly welcome that was extended to its members throughout their stay in Addis Ababa.

14. The working party also thanked the Economic Commission for Africa for the excellent and efficient organisation of the presnet meeting. It deeply thanked the secretariat and the interpreters provided by the International Monetary Fund for the excellent services rendered.